

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE UNION LIGHT, HEAT)	
AND POWER COMPANY FOR APPROVAL OF)	CASE NO.
FIXED BILL PROGRAM RIDERS APPLICABLE TO)	2004-00503
RESIDENTIAL CUSTOMERS)	

THIRD DATA REQUEST OF COMMISSION STAFF
TO THE UNION LIGHT, HEAT AND POWER COMPANY

The Union Light, Heat and Power Company ("ULH&P") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due on July 22, 2005. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Provide the status of the fixed bill proposals of ULH&P's affiliates pending before the Indiana and Ohio utility regulatory commissions.

2. Refer to page 2 of the June 30, 2005 "Supplemental Filing in Support of Application" ("Supplemental Filing"). ULH&P states that it conducted its own consumer research by interviewing 42 randomly selected customers.

a. Explain in detail how the sample size of 42 was determined. Include all assumptions and calculations used to determine the sample size.

b. Page 1 of 13 of Attachment A to the Supplemental Filing states that “Individual interviews were conducted with 42 ULH&P residential gas customers . . .”

(1) If that statement is accurate, explain why only gas customers were interviewed in light of the fact that ULH&P has proposed fixed bill tariff riders for both its gas and electric operations.

(2) If the statement is inaccurate, how many of the customers interviewed are combined electric and gas customers? How many are electric only customers or gas only customers?

c. Based upon the most recent customer information available, indicate how many of ULH&P’s customers are combined electric and gas customers, how many are electric only customers, and how many are gas only customers.

d. Explain in detail how ULH&P concluded that a sample size of 42 customers was reasonable for this consumer research.

e. The description of the customers goes on to say that all research participants “ . . . represented a mix of age, income and gender.” Provide a breakdown of the 42 customers by age and income groups.

f. The description also states that all participants were compensated for their participation. Provide the amount of compensation that individual participants received for their driving costs, time and/or inconvenience.

3. Refer to page 4 of the Supplemental Filing where ULH&P discusses (1) the small increase in energy usage that is expected to increase as a result of the fixed bill and (2) the fact that during proposed three-year pilot period, it expects to have excess generating capacity.

a. The nature of this discussion indicates that ULH&P believes that increased energy usage will be beneficial to customers and that potential increases in peak demand resulting from the fixed bill program are immaterial. What impact will increase in energy sales or peak demand resulting from a fixed bill program have on ULH&P's ability to make the off-system sales that it is to share with ratepayers pursuant to the provisions ordered in Case No. 2003-00252?¹ Explain the response.

b. How can ULH&P demonstrate to the Commission that the fixed bill program will not negatively impact the benefits from off-system sales that are to inure to ratepayers under the provisions of Case No. 2003-00252.

4. Refer to page 5 of the Supplemental Filing, specifically, the discussion of the study by Gulf Power on the impact of a fixed bill program on customer usage.

a. Has anything changed since the submission of the Supplemental Filing vis-à-vis the Gulf Power study being the only information available on the subject of the impact of a fixed bill program on customer usage?

b. If the limited results of the Gulf Power study are the only results to which ULH&P can cite on the fixed bill programs of other utilities, explain how citing this study addresses the concerns expressed by the Commission in Case No. 2004-00330²

¹ Case No. 2003-00252, The Application of The Union Light, Heat and Power Company for a Certificate of Public Convenience to Acquire Certain Generation Resources and Related Property; for Approval of Certain Purchase Power Agreements; for Approval of Certain Accounting Agreements; and for Approval of Deviation from Requirements of KRS 278.2207 and 278.2213(6), Interim Order of December 5, 2003.

² Case No. 2004-00330, The Application of East Kentucky Power Cooperative, Inc., Inter-County Energy Cooperative Corporation, Nolin Rural Electric Cooperative Corporation, and Salt River Electric Cooperative Corporation, for Authority to Implement a Fixed Bill Pilot Program. Order of May 4, 2005.

concerning the need for meaningful results of other programs that demonstrate that fixed bill programs will not adversely impact customers. (Underline added).

5. Refer to the Supplemental Filing, Attachment A, pages 2 through 6 of 13.

a. One of the dislikes cited on pages 2 and 3 of 13 for the annual and quarterly budget bill options was “only want to pay for actual usage.” Explain why customers would have the perception they were paying for something other than their actual usage under the annual or quarterly budget bill options.

b. Refer to page 4 of 13. Provide clarification of the following survey results. Is it correct that 95 percent of those surveyed thought the fixed bill option should be offered but only 36 percent said they definitely or probably would participate in the Fixed Bill option? If this is an incorrect reading of the results, clarify the results.

c. Is it correct that 40 percent said they definitely or probably would not participate in the fixed bill option? If this is an incorrect reading of the result, clarify the result.

d. Refer to page 6 of 13. Is it correct that the rankings at the bottom of the page shows that the fixed bill option is the least preferred billing option?

e. Based upon these survey responses, shown on pages 4 and 6 of 13, explain how ULH&P concludes that there is customer support for a fixed bill option.



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DATED: July 13, 2005
cc: All Parties